

IRS TAX TIP 2003-28

CREDIT FOR THE ELDERLY OR THE DISABLED

You may be able to take the Credit for the Elderly or the Disabled if you are age 65 or older, or if you are retired on permanent and total disability, according to the IRS. Like any other tax credit, it's a dollar-for-dollar reduction of your tax bill. The maximum credit available is \$1,125.

You can take the credit for the elderly or the disabled if:

1. You are a qualified individual,
2. Your adjusted gross income is not more than \$12,500 to \$25,000 (depending on your filing status), and
3. Your non-taxable income from Social Security or other non-taxable pension is not more than \$3,750 to \$7,500 (also depending on your filing status).

Generally, you are a qualified individual for this credit if you are a U.S. citizen or resident at the end of the tax year and you are age 65 or older, or you are under 65, retired on permanent and total disability, received taxable disability income, and did not reach mandatory retirement age before the tax year.

If you are under age 65, you can qualify for the credit only if you are retired on permanent and total disability. You also must have taxable disability income to qualify. You are retired on permanent and total disability if:

1. You were permanently and totally disabled when you retired, and
2. You retired on disability before the end of the tax year.

Even if you do not retire formally, you are considered retired on disability when you have stopped working because of your disability.

If you are under 65, you must have your physician complete a statement certifying that you were permanently and totally disabled on the date you retired.

For more information, see IRS Publication 554, "Credit for the Elderly or the Disabled," which you may obtain from the IRS Web site at www.irs.gov or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676).

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